

Advances in technology will give consumers power over banks by 2020

LONDON, UK: Looking to the future of the financial services industry, independent market analyst Datamonitor has forecast that banks that are eager to engage with consumers will adopt new technology, putting consumers back in a position of power by 2020.



In a new report*, Datamonitor has predicted that by the start of the next decade, consumers will have come to expect instant information through location-based technology in all aspects of their lives, including their finances. However, while this will make life easier for consumers, it will increase competition in the financial services industry and lead to price wars.

Hannah Williams, an analyst at Datamonitor, says: "The widespread adoption of location-based technology by financial services providers in the near future will only help to empower consumers, as they will be able to compare financial products far more easily."

Tailored offers

Banks and financial providers will begin to target consumers through location-based technology, combined with information from their personal profile, to suggest offers tailored to them. As more providers, as well as price comparison sites, use this technology, price will become increasingly important to consumers.

This will affect most areas of financial services, but particularly the insurance, credit card, and current account markets. For example, consumers visiting a furniture shop could receive texts about contents cover, or drivers filling up with petrol could be targeted with car insurance offers.

Use technology to offer incentives

Although location-based technology will make it easier for consumers to compare financial products by price, financial providers can use it to their advantage. The technology could be used to offer incentives to consumers to visit branches, where banks have a greater chance of convincing them to look beyond price.

Williams continues: "Banks that utilise the technology to show consumers what they can offer beyond price, such as rewards, will retain customers into the next decade and rise above simply competing on price. For example, credit card issuers and current account providers can use the information they store on customers to encourage them to buy particular products or use a specific card when they are in a particular location. Therefore, although there will be greater pressure to offer consumers better value in the future, significant opportunities exist for the financial providers that act now to profit."

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